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IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1997

WAYNE K. PFAFF,

Petitioner,

v.

WELLS ELECTRONICS, INC.,

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF AMICUS CURIAE FOR THE PATENT, TRADEMARK & COPYRIGHT SECTION OF THE BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA IN SUPPORT OF AFFIRMANCE

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I. AUTHORITY TO FILE

This brief *amicus curiae* is presented by the Bar Association of the District of Columbia under Rule 37.3 of this Court. Letters of consent from the parties are filed herewith.[1]

II. INTEREST OF AMICUS

The Bar Association of the District of Columbia is a voluntary membership nonprofit organization. Membership is not restricted to any segment of the profession and thus the members and their clients represent widely diverging interests and views. Members include attorneys in private practice as well as those employed by corporations and those in government.

The Patent, Trademark & Copyright Section of the Bar Association of the District of Columbia includes members of the bar regularly practicing in and interested in patent law. Members frequently represent applicants for patent before the United States Patent and Trademark Office as well as patent owners and accused infringers. Members are thus concerned with obtaining valid patents as well as with the enforcement of patents and the defense against patent infringement actions.

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[1] No counsel for a party authored any part of this brief. Only *amicus curiae* made a monetary contribution to the preparation and submission of this brief.

In this brief, the Bar Association of the District of Columbia seeks to persuade this Honorable Court that inventors can put their inventions on sale, under the plain meaning of 35 U.S.C. § 102(b), at any time on or after the inventors have a complete conception of their invention. The invention need not exist in a physical, tangible form.

III. QUESTION PRESENTED

In view of the longstanding statutory definition that the one-year grace period to an "on sale" bar can start to run only after an invention is fully completed, should the Pfaff patent have been held invalid under 35 U.S.C. § 102(b) when Mr. Pfaff's invention was admittedly not "fully completed" more than one year before he filed his patent application?

IV. SUMMARY OF ARGUMENT

Section 102(b) of Title 35, United States Code, states, in relevant part, that "[a] person shall be entitled to a patent unless - (b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States." Section 102(b) does not require an actual sale, only that the invention be "on sale."

Where an inventor has a complete conception of an invention and the inventor or those acting on behalf of the inventor offer that invention for sale, anyone receiving such an offer would presume the invention to be on sale,

regardless of the existence or nonexistence of a physical, tangible embodiment of the invention. Using the plain meaning of § 102(b), such an offer to sell the invention would place the invention on sale and begin the one year period for filing an application for patent.

The test used by the Federal Circuit in *Pfaff v. Wells Elecs., Inc.*, 124 F.3d 1429 (Fed. Cir. 1997), *cert. granted*, 118 S. Ct. 1183 (1998), that "the appropriate question is whether the invention was *substantially complete* at the time of sale such that there was 'reason to expect that it would work for its intended purpose upon completion,'" establishes an unnecessarily vague test. *See id.* at 1434 (emphasis added) (citations omitted). Nonetheless, the Federal Circuit's determination should be affirmed.

This case presents a narrow fact pattern. This case is distinguishable from a contract to develop an invention, where it is merely the hope of the parties that an invention will result; it is distinguishable from the case where the inventor builds a device and subjects it to experimentation to determine if the hoped-for invention will work; and it is distinguishable from the case where a third party offers an item for sale and the details of that offered item and whether it will work are unclear. Because of the many different fact patterns that can raise the on sale issue, it is a concern of *amicus curiae* that this Honorable Court's decision recognizes that the present case addresses only one of many frequently encountered fact patterns.

V. ARGUMENT

A. THE PLAIN MEANING OF "ON SALE" IN 35 U.S.C. § 102(b) DOES NOT REQUIRE THAT THE INVENTION EXIST IN A PHYSICAL, TANGIBLE FORM

The statute at issue in this case is 35 U.S.C. § 102(b). Section 102(b) states in relevant part: "[a] person shall be entitled to a patent unless - (b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States."

> "Where, as here, the resolution of a question of federal law turns on a statute and the intention of Congress, we look first to the statutory language and then to the legislative history if the statutory language is unclear." *Blum v. Stenson*, 465 U.S. 886, 896 (1984). The language of [the statute] is not unclear. Thus, although a court appropriately may refer to a statute's legislative history to resolve statutory ambiguity, there is no need to do so here.

Toibb v. Radloff, 501 U.S. 157, 162 (1991). As in *Toibb*, the language of the statute at issue is clear. The statute asks if "the invention" was placed "on sale" in the United States more than one year prior to the date of application for a United States patent.

The statute does not require that there be a sale of the invention, merely that the invention be offered for sale, *i.e.*, that the invention was placed "on sale." *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 860 (Fed. Cir. 1985). The critical question thus becomes: when is the invention so defined that we can determine that it is "the invention" that is being offered for sale.

Petitioner Pfaff suggests that an invention may not be put on sale until "it is reduced to practice and exists in physical, tangible form." Petition for Writ of Certiorari, filed Jan. 5, 1998, at 6 n.1. Such a narrow reading of § 102(b) is contrary to the plain meaning of the statute.

For example, an inventor may have a complete conception of an invention, and even produce an engineering drawing of that invention, yet never build the invention. If a sketch or some brief description of the invention is included in a catalog, along with a price at which the invention is for sale, anyone receiving the catalog would, applying the plain meaning of the term "on sale," understand the invention to be on sale. That the inventor elects not to produce any of the invention until an order is in hand should not alter the conclusion that the inventor has placed the invention on sale.

To conclude otherwise, would also grant the inventor a *de facto* extension of the 20-year statutory term for exploiting the invention. *See* 35 U.S.C. § 154(a)(2). Such an extension would undermine the policies underlying § 102(b), particularly the policy "prohibiting an extension

of the period for exploiting the invention." *King Instrument*, 767 F.2d at 860 (citations omitted).

B. An Invention Can Be On Sale When the Inventor has a Complete Conception of the Invention

In *Pfaff*, the Federal Circuit offers a new test, the "substantially complete" test, to determine if the invention was on sale under § 102(b). *Pfaff*, 124 F.3d at 1434. However, it is not necessary to create a new and somewhat vague test to make this determination.

For an invention to be placed on sale, one must be able to define what constitutes the invention.[2] The patent laws have long recognized that the invention will be so definable when conception is complete.

In 1890, Professor Robinson wrote:

> The conception of the invention consists in the complete performance of the mental part of the inventive act. While this in theory

[2] An inventor may offer a potential purchaser a "new and improved" device even before the inventor has conceived of the device. Under such circumstances it cannot fairly be said that the yet-to-be conceived invention is on sale. While equitable doctrines could be invoked to bar the inventor from applying for and obtaining a patent for the new and improved device more than one year after making such an offer, the offer of such a yet-to-be conceived device should not be a bar under § 102(b) and should not be a bar to others.

> necessarily precedes the physical part or reduction to practice, it in fact also embraces whatever of thought and skill the inventor may have exercised in bringing the invention to that point where reduction to practice can begin. By it inventive genius, so far as it relates to the particular invention, is exhausted; all that remains to be accomplished, in order to perfect the art or instrument, belongs to the department of construction, not creation. It is thus the formation, in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.

1 William C. Robinson, *The Law of Patents for Useful Inventions* § 376, at 532 (1890). This basic definition was adopted in *Mergenthaler v. Scudder*, 11 App. D.C. 264, 276, 1897 C.D. 724, 731 (1897), which in turn was adopted in *Townsend v. Smith*, 36 F.2d 292, 295 (C.C.P.A. 1929) and by the Federal Circuit in *Coleman v. Dines*, 754 F.2d 353, 359 (Fed. Cir. 1985).

Thus, "[c]onception exists when a definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented, is known." *Sewall v. Walters*, 21 F.3d 411, 415 (Fed. Cir. 1994).

When conception exists, the inventor can clearly explain the invention to a potential buyer and offer the

invention for sale. There is no need for the inventor to have reduced the invention to practice or to have the invention in a physical, tangible form in order to offer it for sale.[3] Moreover, there is no need for the potential purchaser to have actual knowledge of the invention for it to be on sale. The issue is whether the invention has been placed on sale, *i.e.*, whether the inventor has begun to exploit the invention. *King Instrument*, 767 F.2d at 860.

After there is a complete conception, the invention is clearly defined. From that moment, the inventor can offer to make and sell this clearly defined, completely conceived invention. Under the plain meaning of § 102(b), when this invention is offered for sale, the one year period begins to run. The statute requires no more.

C. Pfaff had a Complete Conception of His Invention and Offered His Invention for Sale More Than One Year Prior to the Date of His Application for Patent

Pfaff "made detailed engineering drawings" of his invention and sent those drawings to a company "for customized tooling and production in February or March of 1981." *Pfaff*, 124 F.3d at 1432. On April 8, 1981, a

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[3] For purposes of proof at trial, "[c]onception must be proved by corroborating evidence which shows that the inventor disclosed to others his 'completed thought expressed in such clear terms as to enable those skilled in the art' to make the invention. *Field v. Knowles*, 183 F.2d 593, 601, 37 CCPA 1211, 1222, 86 USPQ 373, 379 (1950)." *Coleman*, 754 F.2d at 359.

company, unrelated to Pfaff's company, issued a purchase order to Pfaff's company "for 31,100 sockets, which were intended for production use. The purchase order confirmed an earlier verbal order on March 17, 1981. Pfaff filed his patent application on April 19, 1982." *Id.* The arrangement with the purchasing company "was purely commercial, with no experimentation or additional development involved." *Id.* at 1433.

Thus, it appears that in February or March of 1981, more than one year prior to the date of his application for patent, Pfaff had "a definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented." *See Sewall*, 21 F.3d at 415. It was that operative invention that Pfaff offered for sale.

Applying the plain meaning of § 102(b), Pfaff's invention was on sale more than one year prior to the date of application for patent.

This is not a case where there was no offer for sale but merely an experimental use, as in *Elizabeth v. Pavement Co.*, 97 U.S. 126 (1877). *Elizabeth* involved a patent for a method of constructing pavement for a roadway. There, the inventor "believed [his invention] to be a good thing, but he was not sure; and the only mode in which he could test it was to place a specimen of it in a public roadway. He did this at his own expense...." *Id.* at 136. Nor is this a case where a product different from the invention is offered for sale and the inventor later substitutes the invention for the earlier offered product. *See Envirotech Corp. v. Westech Eng'g Inc.*, 904 F.2d 1571

(Fed. Cir. 1990). Nor does this case involve any offers for sale from third parties that could raise issues of proof as to exactly what the third party offered for sale. *Amicus curiae* respectfully submits that this Honorable Court's decision should recognize that the present case addresses only one narrow fact pattern of the many fact patterns that can raise the on sale issue.

VI. CONCLUSION

Under established patent law, there is a complete conception of an invention when the inventor has a "definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented." *Sewall*, 21 F.3d at 415. The offer for sale of such a completely conceived invention is all that is required to start the one year time period under § 102(b).

Respectfully submitted,

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AMICUS CURIAE

BRIEF

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Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* OUT OF TIME

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**On Writ of Certiorari to the
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for the Federal Circuit.**

UNOPPOSED MOTION TO EXTEND TIME FOR FILING BRIEF

Amicus Curiae Federal Circuit Bar Association, a national organization of approximately 2,200 members who practice before the United States Court of Appeals for the Federal Circuit, respectfully moves for an extension of time to file the attached brief Amicus Curiae in support of the

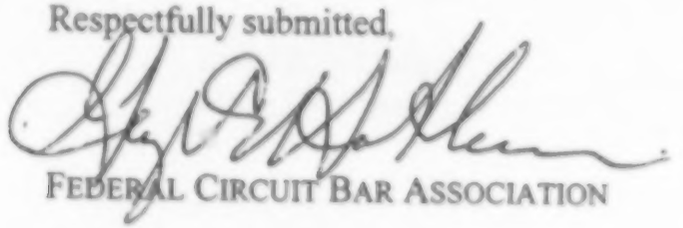
Petitioner. Briefs in support of the Petitioner were due on May 14, 1998. An attorney for Amicus contacted Jerry Selinger, the Counsel of Record for the Petitioner, and James Hall, the Counsel of Record for the Respondent, on May 14, 1998, by telephone. Counsel for both parties stated that they would consent to this motion.

A printer's proof of a version of the attached brief was available on May 14, 1998, and was transmitted on that date by facsimile to the Counsel of Record for the Respondent. An attorney for the Amicus also explained to the Counsel for the Respondent the intended changes to the proof. Accordingly, Amicus submits that no prejudice to either party should result in the granting of this motion.

Collectively, the members of the Amicus represent the owners of thousands of patents and others in the technological community, and have an interest in developing a reliable patent system. Amicus presents this brief to illustrate how the issues of this case impact the technological community. Also, Amicus presents a unique proposal for resolution of the issues, one which serves the purposes of the patent system and the interests of the technological community as a whole. Amicus seeks this extension so that it could properly finalize this proposal.

Given that this motion is unopposed, that Counsel for amicus have taken steps to prevent prejudice to the parties, and that the Respondent has sought for and received an extension of time to file its brief, Amicus respectfully requests that the Court grant this motion.

Respectfully submitted,



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On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF OF *AMICUS CURIAE* FEDERAL CIRCUIT BAR ASSOCIATION IN SUPPORT OF PETITIONER

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STATEMENT OF AMICUS CURIAE

The Federal Circuit Bar Association (FCBA) as amicus curiae files this brief in the appeal of *Pfaff v. Wells Electronics, Inc.*, 124 F.3d 1429 (Fed. Cir. 1997). Written consent to the filing of this brief has been obtained from the petitioner and the respondent and is being filed herewith.

The FCBA is a national organization comprising of approximately 2,200 members who practice before the United States Court of Appeals for the Federal Circuit. The FCBA offers a forum for common concerns and dialog before the Bar and the Federal Circuit, government counsel and private practitioners, litigators and corporate counsel. Collectively, the members of the FCBA represent and advise owners of thousands of patents, and thus, have an additional interest in developing a reliable patent system as a part of the intellectual property landscape.

Pursuant to Rule 37.6, none of the parties or their counsel have contributed either substantively or monetarily to the preparation of this brief. Specifically, only the amicus, its members and its counsel have made a monetary contribution to the preparation and submission of this brief.

SUMMARY OF ARGUMENT

The Federal Circuit Bar Association submits this brief in support of the Petitioner. The patent law intends to grant a patent applicant a one year window between the time of a first sale of the article for which protection is sought and the filing of his application. The patent statutes, and case law interpreting them, should provide clear guidelines to inventors and patent practitioners, so that they may know with as much certainty as possible the deadline by which valuable patent rights must be claimed. The reality of commerce is that sales and sale activity often take place before an invention is finalized, and in such cases, inventors have need of a reliable standard by which the deadline may be judged. Case law in the last decade, however, has given rise to mounting uncertainty in the application of the statutory on-sale bar. The lower courts have rendered decisions which are contradictory and confusing. There is need of a bright-line test as to the event which begins the running of the one year on-sale bar.

The Federal Circuit Bar Association in this brief urges the Court to return to the standard of reduction to practice with a modification to provide a workable, bright-line test. The reduction to practice standard finds support in historical precedent, is familiar to practitioners, and has with it a significant body of interpretive case law. The proposed standard overcomes the shortcomings of the currently abandoned reduction to practice standard where the invention was required to be on-hand and tested. Under the proposed standard, actual completion of the invention is not required for there to be a reduction to practice. Instead, a form of reduction to practice occurs when an invention is sufficiently described in a tangible form so that one skilled in the art to which the invention pertains can make and use the invention, a standard also well understood and defined in the patent law.

ARGUMENT

I.
A CLEARLY DEFINED STANDARD AS TO THE BEGINNING OF THE RUNNING OF THE ON-SALE BAR SERVES THE PURPOSES OF THE PATENT SYSTEM

The Patent Clause of the United States Constitution authorizes Congress "[t]o Promote the Progress of Science and useful arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries." U.S. CONST. art. I, § 8, cl. 8. In implementing the constitutional mandate through the enactment of the Patent Act, Congress has granted inventors the right to exclude others from making, using, selling, offering for sale, or importing the patented invention for a period of years in exchange for public disclosure of those inventions. *Markman v. Westview Instruments., Inc.*, 116 S. Ct. 1384, 1387 (1996). The patent system balances competing concerns. The grant of a patent encourages innovation and disclosure of useful knowledge because an owner of a patent can make the invention public without it losing its commercial value. Patents also encourage further innovation because the public disclosure becomes the "building block" for improvements and new inventions. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989). Accordingly, to serve the Constitutional purpose, a patent must provide meaningful protection or inventors will choose to keep their inventions secret and impede the development of new knowledge.

Toward this end, Congress has specified the conditions that must be met in order to warrant the grant of patent. A patent may be granted only to one who discovers a new and useful product or process. 35 U.S.C. § 101 (1994). The patent must contain a description of the invention in sufficient detail so

that a person skilled in the art can practice the invention, and the patent must particularly point out and distinctly claim the subject matter that the inventor regards as the invention. 35 U.S.C. § 112 (1994). The invention must not have been obvious to one skilled in the art. 35 U.S.C. § 103 (1994). Also, the invention must not already be in the public domain. 35 U.S.C. § 102 (1994). A lack of a bright-line rule as to this last point, the subject matter of this appeal, makes uncertain whether a patentee's conduct prior to filing of a patent application has in fact put the invention into the public domain, or whether the conduct has begun the running of a statutory bar.

A. The Present Standard Creates Uncertainty as to Whether an Inventor's Conduct has Begun the Running of the On-Sale Bar

The present interpretation of the statutory on-sale bar provision of 35 U.S.C. § 102, *viz.* section 102(b), creates substantial uncertainty in the technological community. Currently, the courts apply a "totality of circumstances" test to determine whether the on-sale bar should preclude patentability. Thus, in making a determination as to whether an invention was "on-sale" for purposes of 35 U.S.C. §102(b), "[a]ll of the circumstances surrounding the sale or offer to sell, including the stage of development of the invention and the nature of the invention, must be considered and weighed against the policies underlying § 102(b)." *Pfaff v. Wells Electronics, Inc.*, 124 F.3d 1429, 1433 (Fed. Cir. 1997)(citing *Micro Chem., Inc. v. Great Plains Chem. Co.*, 103 F.3d 1538, 1544 (Fed. Cir. 1997)).

The totality of circumstances test was first enunciated in *UMC Electronics Co. v. United States*, 816 F.2d 647 (Fed. Cir. 1987). The court was squarely faced with the question of whether reduction to practice before the critical one-year date

was required to invoke the on-sale bar of 35 U.S.C. §102(b). *Id.* at 652. After reviewing the policies underlying the bar, the court concluded that "reduction to practice is not always a requirement of the on-sale bar," *Id.* (relying on *General Electric Co. v. United States*, 654 F.2d 55, 61-64 (Ct. Cl. 1981), for the policies underlying the on-sale bar). The court stated that while "'reduction to practice' is an important analytical tool" for an on-sale analysis, it is but one factor to be considered in applying a "totality of circumstances" test. *Id.* at 656. The *UMC* court acknowledged, however, that the totality of circumstances standard "does not lend itself to formulation into a set of precise requirements . . . ." *Id.* at 656. Indeed, the court noted that the possible circumstances surrounding what would otherwise appear to be commercialization outside the grace period "cannot possibly be enumerated." *Id.* at 656-57. Thus, the court appreciated that it had not formulated "a standard for determining when something less than a complete embodiment of the invention w[ould] suffice under the on-sale bar." *Id.* at 657.

The overwhelming consensus among practitioners has been that the totality of circumstances test provides no single, clearly discernible standard for determining the applicability of the on-sale bar. *See, e.g.*, Janice M. Mueller, *Conception, Testing, Reduction to Practice: When Is It Really On Sale?*, 80 J. PAT. & TRADEMARK OFF. SOC'Y ___, (forthcoming May 1998)("the Federal Circuit's on sale decisions have failed to produce any clear consensus on the extent-of-development issue; the court's view on the degree on 'completion' required has varied from case to case in almost cyclical fashion"). Instead, the commentators have acknowledged that the Federal Circuit's "totality of the circumstances" standard is "inherently uncertain," making "predictability . . . an elusive goal." Edward G. Poplawski & Paul D. Tripoli, II, *The Impact of Federal*

Circuit Precedent on the "On-Sale" and "Public-Use" Bars to Patentability, 44 AM. U. L. REV. 2351, 2390-91 (1995).

The totality of circumstances test must be coupled with the broad array of possibilities for introduction of the invention into the marketplace. For example, one end of the spectrum of the varying stages of development during which an invention may be placed on sale is where inventors test the marketability of their inventive ideas to the relevant market even before the inventive solution to the idea has been fully realized. If the market, or a given player in the market, recognizes the potential of the inventive idea, the inventors may then proceed to complete the invention, perhaps even with the financial assistance of the interested party. Indeed, some of the most dynamic forces in the national economy, such as those embodied in the relationship between start-up companies and venture capitalists, are the epitome of this scenario. When a small company develops an idea that would otherwise be too costly to realize fully on its own, it necessarily has to "sell" its ideas to the market place to gain financial support. In the biotechnology industry, for example, the extremely high cost of obtaining regulatory approval for the introduction of a new drug generally prohibits small biotechnology companies from proceeding without some outside source of capital. The other extreme, of course, is where an invention is not placed in the stream of commerce until after it is completed, "on hand," and fully tested.

Also, some inventions are themselves driven by the competitive forces in the market place. Where a company (or a particular government agency) has a need for a solution to a particular problem but lacks the core competency to design or invent a solution to the problem, it often puts a request for proposals into the relevant stream of commerce. Several competitors in the market place work to develop a solution to

the problem and then submit a bid in response to the request for proposals. The request may require that an actual prototype be submitted with the proposal or may require only detailed specifications that fully sets forth the proposed solution. In either event, the competitive proposal reflects an invention, and the act of submitting the proposal has commercial ramifications. Accordingly, application of the totality of circumstances test to the spectrum described above makes unduly difficult the task of determining when an inventor's conduct has begun the running of a statutory bar.

Given the realities of business and the shortcomings of the totality of circumstances test in determining the beginning of the running of a statutory bar, inventors are unable to approach this issue with an acceptable degree of predictability and comfort. Further, given that the totality of circumstances has a different meaning for many people, the question as to whether a patent is valid under 35 U.S.C. § 102(b) ultimately depends upon the sympathies and prejudices of any one of the hundreds of federal judges that patentees or accused infringers may find themselves before at some unknown time in the future.

B. The Uncertainty in the Present Standard Frustrates the Purposes of the Patent System

In as much as businesses often must begin to commercialize their inventions months before filing a patent application, as discussed above, uncertainty in whether the invention is in the public domain is not a phantom issue. Many of the technologies of businesses seeking patent protection are new, dynamic, and result in the design and sale of products often having life cycles that are very short. Early sales of products are necessary for businesses to grow and compete and patents are necessary for the patentees to stay in business. Businesses wishing to pursue new products must often make

decisions regarding significant initial investments and bring new products swiftly to market. Early market acceptance of a new product provides a very import factor on which to base these decisions. Uncertainty as to whether the early sales will put the product in the public domain may well deter businesses from making such investments and introducing new products or from seeking patent protection in favor of keeping their inventions secret.[1]

Additionally, a bright-line standard as to when an invention is placed in the public domain permits inventors to make effective use of all of their time to file patent applications on their inventions. Uncertainty as to the allotted time for filing a patent application operates to deprive prudent applicants of all of their time in that they instead will choose to file early in order to preserve their rights. The lower courts have recognized that the purposes of the patent system are not served by forcing premature entry into the patent application process upon inventors who are still developing their inventions. *UMC*

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[1] Businesses recognize that uncertainty is a fact of life in the patent process. For example, the doctrine of equivalents introduces a dose of uncertainty as to the scope of patent rights making it difficult for patentees and accused infringers to asses the outcomes of patent infringement suits. Also, patent infringement suits typically involve a counter claim of patent invalidity where accused infringers will spend hundreds of thousands of dollars searching for and analyzing prior art not considered by the Patent Office during its examination of the patent application. Thus, a patentee must often go through trial to determine whether there is an infringement of a valid patent. However, an issued patent has value to the patentee long before it is ever litigated, and the public will derive benefit from the patent disclosure even if the patent is never enforced. But the uncertainty discussed above occurs at the very beginning of the patent process, and impacts decisions on whether to keep the invention a secret or whether to develop a product at all. It is this uncertainty which deprives society of innovation and disclosure and thus frustrates the purposes of the patent system.

Electronics Co. v. United States, 816 F.2d 647 (Fed. Cir. 1987) (Smith, J., dissenting). Additionally, the public interest is not served by a patent system that wastes inventors resources by requiring them to file patent applications before the commercial value of the inventions can be determined, *Aerovox Corp. v. Polymet Mfg. Corp.*, 67 F.2d 860, 862 (2d Cir. 1933) (L. Hand, J.), or by "the waste of Patent Office resources in processing half-baked inventions," *Gould, Inc. v. United States*, 579 F.2d 571, 584 (Ct. Cl. 1978).

Further, in 1992, the U.S. Patent and Trademark Office formed the Advisory Commission on Patent Law Reform from a diverse a group of representatives from businesses, universities, the Patent Bar and the public to assess the state of the patent system. Among its findings, the Commission concluded that the lack of clarity created by the "totality of circumstances" standard was contributing to an erosion in the application of a "cogent, understandable, and predictable fashion" of the principles underlying the on-sale bar. *The Advisory Commission on Patent Law Reform: A Report to the Secretary of Commerce* (1992) (noting that it is "often difficult for the inventor and the courts to determine whether and when an invention has been 'offered' for sale.") The Commission found that "the uncertainty in determining to what extent the invention must be developed before the invention can subject to the 'on-sale' bar" stemmed largely from the fact that the "case law does not provide a consistent standard for determining whether the invention is complete to the degree necessary for the invention to be placed "on-sale.'" The Commission noted that the result of this uncertainty has been twofold. First, the lack of a clear, predictable standard has contributed to the increase in the number of patent cases and the cost of litigating those cases. Second, lack of certainty is an obstacle to the free interaction of ideas and capital that fuels the types of economic growth that characterize the market today.

As in statutes of limitations generally, the start of a statutory bar must be reasonably certain. Congress and this Court have long recognized the need for certainty in this regard. *See, Andrews v. Hovey*, 123 U.S. 267, 274 (1887). The present requirements of substantial completion and totality of the circumstances have interjected a dose of uncertainty in the law which frustrates the purposes of the patent system.

II.
"REDUCTION TO PRACTICE" IS A CLEARLY DEFINED STANDARD THAT IS CONSISTENT WITH 35 U.S.C. § 102

Petitioner's sought-after reduction to practice standard as a bright-line test serves not only to effectuate the policies of the statutory bar but also to make the statutory bar analysis consistent with traditional patent law analysis. "There are no degrees of reduction to practice; either one has or has not occurred." *Wolter v. Belika*, 409 F.2d 255, 262 (C.C.P.A. 1969) (Rich, J., dissenting). Reduction to practice is a term of art now codified in 35 U.S.C. § 102(g) (1994). Under 35 U.S.C. § 102(g), an invention is not made until it is reduced to practice. There is a large and well-reasoned body of case law concerning the concept of reduction to practice. Extensive precedent governs whether an invention has been reduced to practice. The term "reduction to practice" arose out of patent interference practice where the issue to be determined, as between contesting patent applicants, is which applicant was the first inventor. More on point, however, 35 U.S.C. § 102(g), serves to preclude patentability of an invention when some other party already has reduced the invention to practice and has not abandoned, suppressed or concealed it. *E.g., E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1437 (Fed. Cir. 1988). In the latter application, where 35 U.S.C. §

102(g) is used as a bar to patentability much in the same way as 35 U.S.C. § 102(b), sound policy warrants a corresponding and consistent definition of "invention" between the subparts of § 102. Therefore, as long as the reduction to practice standard is not disregarded, it can be uniformly applied by inventors, practitioners, judges and the like to determine whether an inventor's conduct begun the running of a statutory bar.

A. Abandonment of the "Reduction to Practice" Standard Has Led to Inconsistent and Irreconcilable Decisions Regarding the Beginning of the Running of a Statutory Bar

As petitioner Pfaff explains more fully in his brief, the concept of reduction to practice was applied to analysis of the on-sale bar section 102(b) for several decades prior to 1987. Numerous cases predating the establishment of the Court of Appeals for the Federal Circuit show that the regional circuits explicitly required a reduction to practice as an event triggering the on-sale bar. *See, e.g., Timely Products Corporation v. Arron*, 523 F.2d 288, 302 (2d Cir. 1975). The Federal Circuit itself employed the concept of reduction to practice in various early cases, including *King Instrument Corporation v. Otari Corporation*, 767 F.2d 853 (Fed. Cir. 1985), and *Great Northern Corporation v. Davis Core & Pad Company, Inc.*, 782 F.2d 159 (Fed. Cir. 1986). Indeed, the Federal Circuit did not depart from the reduction to practice standard in Section 102(b) until its decision in *UMC Electronics Company v. United States*, 816 F.2d 647 (Fed. Cir. 1987). The return to a reduction to practice standard will restore a measure of certainty to application of section 102(b) and is consistent with the interpretation of "invention" as set forth in section 102(g).

Abandonment of the reduction to practice standard has recently led to numerous inconsistent decisions, troubling for inventors and patent practitioners. In the case of *Seal-Flex v. Athletic Track and Court Construction*, 98 F.3d 1318 (Fed. Cir. 1996) concerning the installation of a high school athletic track, the Federal Circuit rejected the lower court's use of a "sufficiently complete" standard in place of reduction to practice, in part because of the need for experimentation of the running track under actual use conditions, in order to determine whether it was sufficiently durable. As petitioner's brief points out, under the "sufficiently complete" standard, the inventor has no way of knowing "until informed by a judge, at what stage his experimental method became…sufficiently complete to start the time bar to patentability." Petitioner's Brief at 27, citing *Seal-Flex* at 1323.

By contrast, in the opinion below, the Federal Circuit applied a very similar "substantially complete" test to the invention claimed by petitioner herein. The Federal Circuit brushes aside Pfaff's contention that the on-sale bar should not apply because the sockets at issue were not tested prior to the critical date. Likewise, the Federal Circuit ignores Pfaff's testimony concerning the need for cycle testing to establish durability of the sockets, stating that "since durability was not a claimed requirement of the invention, the fatigue testing is irrelevant to the on-sale bar analysis."[2] *Pfaff v. Wells Electronics, Inc.*, 124 F.3d 1429, 1439 (Fed. Cir. 1997). The court below concludes that Pfaff's reliance on *Seal-Flex* was inapposite, because while durability of the running track surface

[2] But testing is almost always an element of an actual reduction to practice. It is only in the rare case that a device is so extraordinarily simple that its mere construction is sufficient demonstration of its operability, rendering testing unnecessary. *Sachs v. Watsworth*, 48 F.2d 928 (C.C.P.A. 1931), *quoting Mason v. Hepburn*, 13 App. D.C. 86, 89 (1898).

was "necessary to the efficacy of the invention", the durability of Pfaff's sockets were not a requirement to the substantial completion of Pfaff's invention. But nowhere in the *Seal-Flex* case is there any indication that "durability" was claimed as an element of the patent at issue.

In short, the inconsistencies in the approach taken by the panel in *Seal-Flex*, as opposed to the panel in the decision below, cannot be reconciled. Each of these inconsistencies, however, are the direct progeny of *UMC's* departure from the reduction to practice standard as applied to Section 102(b).

B. The Reduction to Practice Standard Should Include Both "Actual Reduction to Practice" and "Constructive Reduction to Practice"

Notwithstanding the benefits of a consistent definition of "invention," the courts have recognized the difficulties of requiring completion of an embodiment of the invention to begin the running of the statutory bar. Further, the analysis under 35 U.S.C. § 102(g) does not require that the invention be complete and on hand in order for reduction to practice to occur. Instead, the courts have made a distinction between "actual reduction to practice," where the invention is complete and works for its intended purpose and "constructive reduction to practice," which occurs, as often described, when a patent application on the invention is filed. Constructive reduction to practice requires something other than just an application on file. In essence, for constructive reduction to practice to occur each element of the invention must be sufficiently described in a manner which enables one skilled in the art to make and use the invention. Consistent with this practice, and a modification of the standard proposed by the Petitioner, the constructive reduction to practice standard should be incorporated into the analysis under 35 U.S.C. § 102(b) in order to address the

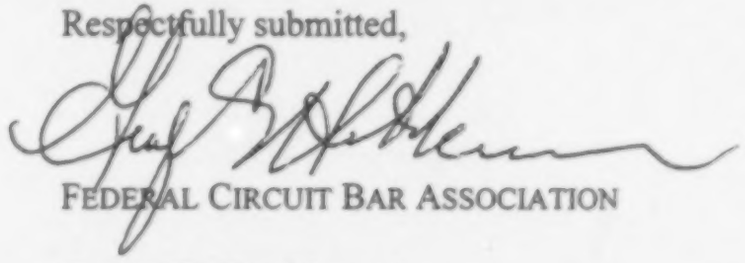
recognized the difficulties of requiring actual reduction to practice to begin the running of the statutory bar. Likewise, a constructive reduction to practice provides a bright-line.

Under the proposed standard, constructive reduction to practice occurs when the inventor has described in a tangible form each element of a claimed invention in a manner sufficient to enable one skilled in the art to which the invention pertains to make and use the invention. These terms are well understood by practitioners and the courts as codified in 35 U.S.C. § 112 (1994) in describing the requirements for the disclosure of the invention in a patent application. The requirement of a tangible description is apt for a bright-line standard. However, a tangible description should not be limited to a written disclosure of the invention. Such items as production schematics and computer-aided (virtual reality) testing should be encompassed by this definition. Also, adoption of the constructive reduction to practice standard would not eliminate altogether the actual reduction to practice standard. Often in chemical compositions, conception of an invention does not occur until the same time as actual reduction to practice. Also, often no significant and enabling description exists until a patent application or the invention is filed. In these circumstances, there is no need for a determination as to when an invention was constructively reduced to practice. Adoption of a constructive reduction to practice standard would provide a much desired bright-line in the determination as to whether an inventor's conduct has begun the running of the statutory bar.

CONCLUSION

For the foregoing reasons, amicus requests that this Court adopt a modified "reduction to practice" standard including constructive reduction to practice as the bright-line standard in the determination of whether a patentees conduct began the running of an statutory bar to a patent grant.

Respectfully submitted,



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